

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 AGRE-00 TRSE-00

SSO-00 INRE-00 NSCE-00 USIE-00 FEA-01 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 PA-01 AID-05 SS-15 STR-04

ITC-01 PRS-01 SP-02 OMB-01 /099 W

-----033947 091941Z /47

O R 091600Z SEP 77

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 4286

INFO AMEMBASSY ASUNCION

AMEMBASSY BRIDGETOWN

AMEMBASSY BRASILIA

AMEMBASSY BOGOTA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY KINGSTON

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY SANTO DOMINGO

AMEMBASSY TEGUCIGALPA

USMISSION GENEVA IMMEDIATE

USINT HAVANA

C O N F I D E N T I A L MANAGUA 4200

E.O. 11652: GDS

TAGS: ETRD, EAGR, NU

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SUBJECT: SUGAR--GEPLACEA MEETING IN JAMAICA

REF: (A) STATE 206267 (B) KINGSTON 5204

1. BEGIN SUMMARY: EMBASSY HAS OBTAINED DOCUMENT FORM RECENT  
GEPLACEA CONFERENCE IN JAMAICA. REPORT OUTLINES NEGOTIATING  
STRATEGY AND POINTS WHICH GEPLACEA MEMBERS MAY ADVANCE

AT GENEVA NEXTWEEK. U.S. PROPOSALS FOR RESERVE STOCKS OF SUGAR WILL PROBABLY BE USED AS BASIS FOR DISCUSSION THERE. FEELING AT JAMAICA WAS THAT THERE IS A NINETY PERCENT CHANCE THAT A NEW INTERNATIONAL SUGAR AGREEMENT WILL BE HAMMERED OUT IN GENEVA. END SUMMARY.

2. GEPLACEA MEETING:

EMBASSY HAS OBTAINED FROM A WELL-PLACED SOURCE A COPY OF A DOCUMENT FROM THE SEVENTH PLENARY MEETING OF THE LATIN AMERICAN AND CARIBBEAN GROUP OF SUGAR EXPORTING COUNTRIES (GEPLACEA) HELD IN KINGSTON, JAMAICA. THIS DOCUMENT, ENTITLED "REPORT OF THE COMMISSION ON MATTERS RELATED TO AN INTERNATIONAL SUGAR AGREEMENT" (ISA), AND BEARING THE NUMBER SA/ESP/2/REV 1 AUGUST/SEPTEMBER 1977, STATES, INTER ALIA, THAT:

- THE COMMISSION ELECTED EMILIAN LEZCANO OF CUBA AS ITS PRESIDENT OF ITS AUGUST 29 MEETING.
- DURING JULY 20-29 SUGAR NEGOTIATION IN LONDON, THE U.S. PRESENTED A NEW IDEA ON SURPLUS STOCKS, WHICH, THOUGH NOT YET ANALYZED IN DEPTH, LEFT DOUBTS ABOUT ITS PRACTICABILITY.

3. THE REPORT SAID THAT THE MEETING DEVOTED MOST OF CONFIDENTIAL

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ITS TIME TO WORKING SESSIONS WHICH EVOLVED A NEGOTIATING STRATEGY FOR USE AT THE SECOND SESSION OF ISA, SCHEDULED TO BEGIN SEPTEMBER 12 AT GENEVA. THAT STRATEGY INCLUDES THE FOLLOWING POINTS:

(A) THE VOLUME OF THE TOTAL RESERVES, EXCLUDING THE EEC, SHOULD BE ON THE ORDER OF 2.0 TO 2.5 MILLION TONS, DEPENDING ON THE TOTAL PACKAGE.

(B) THE RELEASE POINT FOR RESERVES SHOULD BE AT A LEVEL ON THE UPPER BAND (FRANJA).

(C) THE PRICE SCALE SHOULD BE BETWEEN THIRTEEN AND TWENTY-THREE CENTS PER POUND (F.O.B.), SUBJECT TO ANNUAL CEVISION, TAKING INTO ACCOUNT INFLATION AND MONETARY CHANGES (PARA 1, REF B).

(D) THE BASIC EXPORT TONNAGE SHOULD BE NEGOTIATED AND EXPRESSED IN ABSOLUTE TERMS, FIXED FOR THE FIRST TWO YEARS, AND RENEGOTIATED FOR THE THIRD YEAR, WITH TONNAGE VOLUME BEING ADJUSTED TO THE REAL SIZE OF THE FREE MARKET. (THERE WAS NO UNANIMITY ON

THIS POINT, THE REPORT NOTED).

(E) THE QUOTA MECHANISM SHOULD BE IN FORCE  
UP TO THE LEVEL OF "X PLUS 5-.

4. WITH REGARD TO FINANCING THE RESERVES, THE  
COMMISSION AGREED THAT:

(A) U.S. PROPOSAL COULD SERVE AS A BASIS FOR  
CONTINUING DEBATE AT GENEVA.

(B) GEPLACEA MEMBERS SHOULD TRY TO WORK  
TOGETHER AT GENEVA TO RESOLVE PROBLEMS RELATED TO  
RESERVES AND THEIR FINANCING.  
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(C) THE QUESTION OF ISA TREATMENT OF MINOR  
SUGAR EXPORTERS SHOULD BE ADDRESSED DURING GEPLACEA  
CONSULTATIONS AT GENEVA.

5. THE REPORT CONCLUDE SAYING THAT: "COMMISSION  
MEMBERS (AGREED ON)...GEPLACEA'S COORDINATING ROLE AND  
THE INFLUENCE THAT THE STRATEGY DEVELOPED HERE, IN  
KINGSTON, WILL HAVE IN GENEVA."

6. EMBASSY'S SOURCE SAID THERE WAS "COMPLETE  
AGREEMENT" AT JAMAICA ON THE OUTLINE OF THE FOREGOING  
STRATEGY AND THAT GEPLACEA IS 90 PERCENT CONFIDENT  
OF NEGOTIATING A NEW ISA AT GENEVA.

7. SOURCE ALSO NOTED THAT CUBANS HAD PRESSED FOR  
HIGHER PRICE LEVELS AT KINGSTON. SOURCE OPINED,  
NEVERTHELESS, THAT AGREEMENT AT GENEVA WILL PROBABLY  
BE REACHED ON AN ELEVEN AND THREE-QUARTERS TO  
FIFTEEN CENTS PER POUND RANGE. HE COMMENTED THAT  
NICARAGUA CAN LIVE WITH THAT PRICE SPREAD AND  
NOTED THAT ONE OF NICARAGUA'S LEADING SUGAR MILLS  
IS NOW SELLING SUGAR AT NINE POINT SEVEN CENTS PER  
POUND AND IS "STILL MAKING A LITTLE MONEY."

8. KINGSTON 5269 RECEIVED FOLLOWING DRAFTING OF  
FOREGOING. THRUST OF WILSON'S COMMENTS TO EMBOFF IN  
JAMAICA APPEAR TO JIBE WITH SOME POINTS IN OUR DOCUMENT.

EMBASSY POUCHING COPY OF DOCUMENT TO ARA/CEN.  
RUBENSTEIN

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## Message Attributes

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